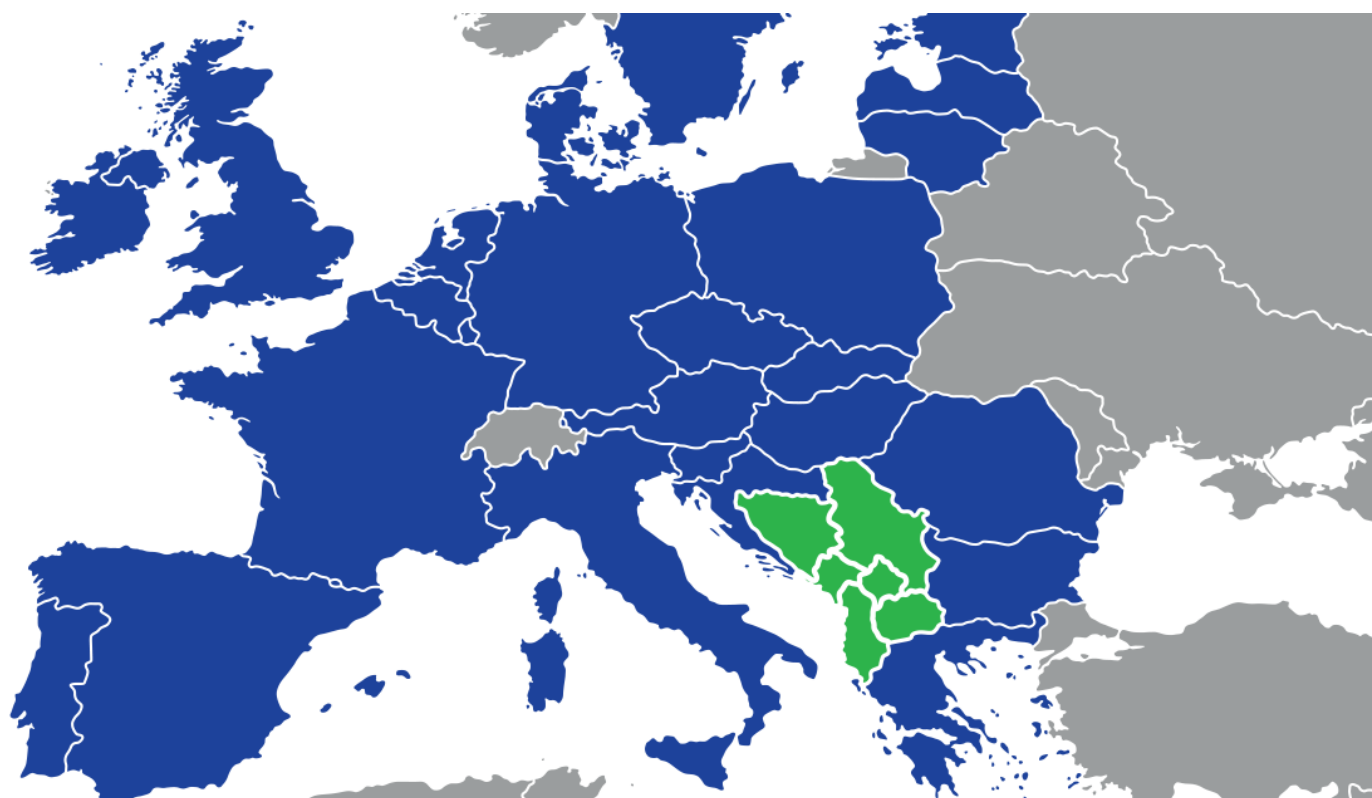


EASTERN MONITOR

Eastern Partnership: from the EaP summit to the debate on the new Multiannual Financial Framework

Věra Řiháčková Pachtá

- **We are in the middle of the major battle over the next EU Multiannual Financial Framework (MFF) 2021-2027. Eastern neighbourhood and Eastern Partnership policy is only one of many issues on the table. At the same time, the decisions taken in the next couple of months by the EU Council, European Parliament and in trilogue with the European Commission on the Commission's legislative proposal of the new Neighbourhood, Development, and International Cooperation Instrument (NDICI), will largely shape not only the financial modalities of the policy delivery but also send strong political signals to the partner countries on where EU stands at the moment. And the signals might not be exactly what at least some of the Eastern neighbours are hoping.**



Introduction

The NDICI combines current 12 EU external action instruments, including European Neighbourhood Instrument (ENI) under one roof with a strong focus on development agenda. The ENI has never been primarily a development instrument as the EU pursued a more complex agenda in the neighbouring region. Given the level of ambition of existing contractual relations between EU and Armenia (Comprehensive Enhanced Partnership Agreement, CEPA), Georgia, Moldova and Ukraine (AA/DCFTAs), the EU is running the risk of losing credibility as the driver of the complex reform agenda as well as of downgrading, damaging, and abandoning the Eastern Partnership policy concept as a regional tool, as there is no mention of it in the current draft of the NDICI regulation. By not acknowledging the special status of the EU neighbourhood, and EaP countries in particular, the EU is also running a risk of taking away the political capital of the democratic elites in the partner countries, but also voluntarily decreases its own political weight in the region.

What has happened since the last EaP Summit

The EU has been reconsidering its approach towards the neighbourhood and the rest of the world for some time, guided by the principles set up in the 2015 EU Global Strategy, namely the principled pragmatism approach. The period when we observed a somewhat automatic diffusion of the EU values and found ways of their active promotion is over. Europe, as a normative power, faces increasing internal and external contestations over its norms. Today, the promotion of democratic values in third countries is understood as a secondary issue, which the EU does when able, and when it does not come into conflict with (in)stability around its borders or its economic interest. There is a strong emphasis on stability, security, and the delivery of tangible results for people, as well as, with an increasing sense of urgency, on migration prevention.

At the EaP multilateral level, the results of this policy shift were clearly manifested in the run-up to the last EaP Summit (November 24 2017), especially in the elaboration of the "Joint Staff Working Document - 20 Deliverables for 2020"¹. This document is a technical roadmap for the Eastern Partnership policy implementation; the member states and EaP partners attached the document to the EaP Summit Declaration as Annex I². The expected achievements and targets are listed in the policy areas outlined in the Riga priorities agreed at the EaP summit held in the Latvian capital in May 2015. In the *20 Deliverables for 2020* document, three issues - communication and media, gender and civil society, are declared as crosscutting deliverables with specific targets. On the paper as well as in practice so far, it is yet unclear how they connect to the rest of the policy areas and how the term "cross-cutting" will be translated into practice. Even more disturbingly, the human rights agenda is not explicitly spelled out and is largely missing out of the roadmap picture. The first evaluation of results and milestones already achieved will take place at the EaP ministerial meeting in October. Since there is no clear set of indicators linked to the roadmap, the impact assessment is limited to ticking the boxes and gathering input and data for visualizations and infographic on success stories. Clearly, there is an overlap with bilateral agendas, AA/DCFTAs and Partnership Priorities, which means it is difficult to design a comprehensive policy evaluation. As with EU funding, where no comprehensive set of data is available, the EU is flying blind, showcasing individual achievements and even more worryingly, losing the context and regional perspective. At the same time, the 20 Deliverables for 2020 had to be agreed with all six partner countries from the Eastern neighbourhood, limiting the scope and depth of the commitments. Still, this Commission, which is quite political in many other areas, embarked upon a technocratic approach when designing the next steps in this roadmap.

¹ European Commission, Joint Staff Working Document, Eastern Partnership - 20 Deliverables for 2020 Focusing on key priorities and tangible results, June 9 2017, https://eeas.europa.eu/sites/eeas/files/swd_2017_300_f1_joint_staff_working_paper_en_v5_p1_940530.pdf017

² Council of the European Union, Eastern Partnership Summit – the Joint Declaration, November 24 2017, <http://www.consilium.europa.eu/media/31758/final-statement-st14821en17.pdf>

In line with the new roadmap, the EaP multilateral architecture was reformed. The “new” structure of EaP platforms and panels is designed as a delivery system, which has direct implications for what is or is not discussed at the multilateral meetings.³ It was launched at the official EaP event in March 2018. The pre-reform Platform 1 titled “Democracy, good governance and stability” was rebranded as “Strengthening institutions and good governance”, leaving democracy out of the picture. The number of panels under each platform has been limited to three, covering a broader range of topics, usually corresponding to several deliverables outlined in the roadmap. The reformed Platform 1 entails three panels covering governance and public administration reform, rule of law and security, CSDP and civil protection. The multiple panels working explicitly on justice reform or the fight against corruption in the pre-reform period have been merged into the rule of law panel. Other topics such as migration and border management shifted to Platform 4 (People to people contacts). Platform 2 entitled “Economic integration and convergence with EU policies” changed its name to “Economic development and market opportunities”; it embraces three panels focusing on trade, harmonization of digital markets and a large panel covering structural reforms, financial sector architecture, agriculture and SMEs. At the same time, transport, environment, and climate change were taken out from Platform 2 and moved to Platform 3. Platform 3 that dealt exclusively with energy security is now branded as “Connectivity, energy efficiency, environment and climate change” with the energy issue covered by one of its three panels. The energy security has been downgraded within the multilateral policy umbrella, although the energy panel is trying to keep the prominence of the subject. The other two panels under Platform 3 deal now with transport, environment, and climate change. Platform 4, originally labelled “People-to-people contacts” received mobility in addition and is now named “Mobility and people-to-people contacts”. Beyond its original focus on youth, education and culture and research and innovation, migration, mobility and integrated border management were added.

The reform was justified by a need to better streamline the work and to keep the EU member states engaged in the policy areas where they expressed interest to lead and fund several activities, like, for example, the Czech Republic on public administration reform, Estonia on HDM or Ireland on e-skills. The Commission drafted the work plans for each platform and panel, and the member states and EaP countries approved these documents during the first round of platform meetings in the first half of 2018. The work plans include many specific items mentioned in the 20 Deliverables for 2020 but mostly without a clear sequence of steps linking one to the other that would maximize the impact. The activities were selected based on realistic estimate of their achievability, with many of them already in an advanced stage of progress, so that the “tangible results” can be showcased and the policy positively evaluated. Sweden, as well as the Eastern Partnership Civil Society Forum, representing the civil society from the region and the EU, have been active in promoting the inclusion of the cross-cutting priorities, namely gender, across the work plans’ activities with mixed success.

The multilateral part of the EaP policy has become a technocratic exercise combined with a wishful thinking that more political clout will be provided by both the EU member states and the EaP countries at the level of Senior Officials Meetings (SOMs) and the EaP Platforms. The focus on tangible and deliverable results in selected policy areas without an aspiration to support deep and sustainable reforms based on democratization - or in other words to use democratisation as a process rather than as a potential end goal - is the current EU answer to the dilemma of interests versus values.

At the same time, the prioritization of the bilateral agenda and emphasis on bilateral relations of the EaP countries with the EU has been growing. A “multi-speed” EaP is already a fact on the ground; there are bilateral agendas stemming from the Partnership Priorities, AA/DCFTAs and from the recently adopted Comprehensive

³ The chart with an overview of the new EaP multilateral architecture with all relevant actors can be found here: <http://eap-csf.eu/wp-content/uploads/EaP-CSF-in-the-discussions.png>

and Enhanced Partnership Agreement (CEPA) with Armenia. The negotiations of the Strategic Modernisation Partnership Agreement with Azerbaijan are also under way and serve often as a pretext to turning a blind eye to the human rights agenda and civil society situation in the country. These bilateral agendas are also more important to the partner countries than the multilateral process embodied in the implementation of the 20 Deliverables for 2020. The call for new formats involving the advanced partners with higher aspirations is discussed, while the EU seeks the overall vision for the entire EaP project as such. The first example of such a specific format was the ministerial meeting on trade, organised on September 20 in Brussels by DG Trade and Commissioner Cecilia Malmström. This meeting included only the representatives of the three partner countries with AA/DCFTAs in place – Georgia, Moldova and Ukraine. The EaP was originally tailored as an alternative for EU accession, later turned into a support tool for those countries, which are interested in an EU accession, but after EU enlargement became a politically unpopular project amongst EU citizens, the project is missing a clear vision and purpose. Additional layers of cooperation would require specific administration and financial support and it seems the EU is not in a rush to implement such solutions. Instead, we are merely witnessing “tinkering” with the structure and “upgrading” the existing formats to higher political level, rather than attempts at major restructuring that would cater for the various needs and aspirations of the six EaP countries and eventually offering, on the basis of fulfilment of all criteria, what the EU has even scrapped from its vocabulary – the EU membership.

Multiannual Financial Framework and future of the funding of the Eastern neighbourhood

Before the debate on the new MFF fully unfolded and the proposal for the single Neighbourhood, Development, and International Cooperation Instrument (NDICI) was officially tabled, the EU’s major external action financing instruments have been undergoing a mid-term review procedure. The results were discussed at the European Parliament in February 2018, after the evaluators provided the external assessment to the European Commission. The evaluation reports for each instrument relevant for Eastern Partnership countries (European Neighbourhood Instrument (ENI), European Instrument for Democracy and Human Rights⁴ (EIDHR), Non-State Actors-Local Authorities (NSA-LA) under Development Cooperation Instrument⁵) declared the instruments fit for purpose.⁶ At the same time, the EEAS and the European Commission’s DG DEVCO tested the ground with the idea to unite all geographic and thematic instruments, including the European Development Fund, under one roof as of the next MFF. Under a single instrument managed by DG DEVCO, multiple envelopes would cover thematic and geographic priorities and provide greater flexibility to move funding from one priority to another with limited oversight of the European Parliament. Such a room for manoeuvre is indispensable in situations like negotiating and implementing the migration deal with Turkey that was largely funded from the EU external financing instruments.

The European Neighbourhood Instrument (ENI) is the main funding tool supporting the EaP countries, and the EU neighbourhood in general. The funding is channelled via bilateral country envelopes or via multi-country allocations

⁴ Administered by DG DEVCO, EIDHR is dedicated to working with the CSOs globally on issues including human rights, civic education and democratic accountability, while providing funding to EU election observation missions. The EIDHR 2014-2020 budget amounts to just over €1.3bn, thanks to a 21% increase in comparison to the 2007-2013 period making it, despite its global reach, one of the smaller instruments.

⁵ Development Cooperation Instrument has a budget of €19.6bn for 2014-2020. The DCI is divided between geographic programmes (€11.8bn) for developing countries in South Asia, the

Middle East, South Africa and Latin America, while only the thematic programmes (€7bn) are available to the countries of the Eastern neighbourhood.

⁶ European Commission, Evaluation Report on External Financing Instruments - Development Cooperation Instrument (DCI), https://ec.europa.eu/europeaid/draft-evaluation-report-external-financing-instruments-development-cooperation-instrument-dci_en

and cross-border programmes. The ENI is managed by European Commission (DG NEAR) and by EEAS and amounts to EUR 15.4 billion for the 2016-2020 budgetary period. It is reinforced by the macro-financial bilateral assistance provided by DG ECFIN to the partner countries. The instrument is not perfect; since according to the ENI 2017 mid-term evaluation report, the coherence between bilateral and multi-country programmes of ENI is rather weak.⁷ Furthermore, the evaluation report states that the incentive mechanism that should underpin the partnership in terms of shared values of democracy and human rights is not effective.⁸ At the same time, such an instrument sends a strong political message that the countries in the EU neighbourhood have a privileged position in comparison to the rest of the world and reflects the needs of individual neighbours, respecting the principle of differentiation, based on contractual relationships with the partner countries, especially those with AA/DCFTA in place. Furthermore, by introducing the Civil Society Facility and mandatory allocation amounting to 5% of the bilateral envelopes for the civil society, it has developed tools that can effectively support the important actors that are holding the governments accountable.

On June 14 2018, the EU published the Proposal for a Regulation to the European Parliament and to the Council for the next MFF 2021-27. In line with the budget proposal, the draft regulation on Neighbourhood, Development and International Cooperation Instrument (NDICI) was also published and will be adopted within the co-decision procedure.⁹ The Commission and EEAS pressed ahead with the single instrument that encompasses regional programmes, including ENI, and thematic priorities – including EIDHR. Besides the Instruments for Pre-accession Assistance (IPA), ECHO (humanitarian aid), CFSP, and support to Overseas countries and territories, all other financial instruments and the European Development Fund are included in NDICI.¹⁰ In general, such an instrument would facilitate prioritization of funding along the lines

outlined in the EU Global Strategy, catering with utmost priority to migration-related issues. The Commission's cardinal argument behind the merger is that with NDICI, it will better address the challenges of coherence and complementarity of funding, as well as the ongoing demand for its greater flexibility. Consequently, all parts of this argument have been questioned by the civil society including the powerful development network CONCORD but also some member states and members of European Parliament.

In the meantime, there have been some positive developments within NDICI negotiations. EIDHR budget line has been increased to EUR 1.5 billion in comparison to 1.3 billion under current MFF and all specific provision of this instrument – for example, operating independently of the consent of the government, funding to non-registered entities, seem to be secured. Furthermore, the ENI budget has been increased to EUR 22 billion, i.e. by 24% comparing to current MFF and a specific global thematic budget line supporting civil society (1.5 billion) introduced. However, all these allocations are subject to final deliberations on the MFF and, because of the big bargain, can be lowered in the end. Consequently, the allocations per se should not be the main argument supporting the single instrument as often used by the European Commission. Looking into details of the draft regulation, and bearing on mind that major issues usually come up during the programming phase, there are many critical points.

Chapter II of the NDICI proposal suggests specific provisions for the neighbourhood but it is quite vague. The specific formula for breakdown of East vs. South neighbourhood allocations is not stipulated, which is also not the case for the current ENI regulation. The EU institutions operate on the basis of the “gentlemen's agreement” dividing the funding 1/3 to the East and 2/3 to the South. In fact, nobody can explain the procedure establishing, holding and monitoring such a gentlemen's

⁷ European Commission, Mid-term review of ENI assistance 2015-2017, https://ec.europa.eu/info/publications/mid-term-review-eni-assistance-2014-2017_en

⁸ Ibid

⁹ European Commission, Proposal for a Regulation of the European Parliament and of the Council establishing the

Neighbourhood, Development and International Cooperation Instrument, https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-international-regulation_en.pdf

¹⁰ The proposed European Peace Facility would be financed outside of the EU budget.

agreement, as well as how it is and can be scrutinized, enforced or changed on the course of the seven-year time span of the MFF. No statistics on the actual spending of EU funding under ENI analyzed against this gentlemen's agreement has been ever presented. With the focus on migration issues mitigation within NDICI and frequency of migration crisis in the Eastern neighbourhood, one can expect that all reserves within this budget line will be drawn for the neighbourhood South and the overall increase of funding for the EaP region will be very low or insignificant. The civil society funding tools and measures that have been introduced under ENI are another concern. As mentioned, under the current practice, the EaP governments have to dedicate 5% of their bilateral country envelopes to support and strengthen the civil society capacities in the EaP countries. There is also the Civil Society Facility for the neighbourhood introduced by former Commissioner Stefan Füle after lobbying from the civil society sector. These modalities can disappear due to potential loss of implementation practice. It is very likely the adoption of NDICI would bring about a significant change in the internal governance structure of the European Commission. It has been signaled that DG NEAR would be probably merged with DG DEVCO, with one major DG resembling former DG RELEX put in place as a result. Although it is unclear how the next European Commission will look like, it seems the Council will keep the rule one member state one commissioner. Consequently, one portfolio will have to be scrapped due to the upcoming Brexit and NDICI would open a door to such a step in the area of EU's external relations.

At the beginning of July, the Council established the ad hoc group on NDICI. It is composed mostly of CODEV delegates and chaired by the Austrian Presidency. The group has been working on the course of the whole July and the first official discussion on NDICI at the higher Council level took place on September 14, during the informal Foreign Affairs Council on development. The member states are split on the issue. The group of approximately 13 likeminded member states does not like the single instrument, albeit for different reasons. The Baltic countries and V4, surprisingly without the Czech Republic, would explicitly like to have the former ENI out of the NDICI. The major battle in the Council is, however, over European Development Fund. This ad hoc group is

approaching the issue mostly through development lenses and many members are not familiar with the measures and ways of support applied on the EU neighbourhood and its civil society. The Council should decide by October 18-19 if the NDICI has a green light but it will be hard to adopt such a decision without a clear idea on the position of the European Parliament on the issue.

The European Parliament is the most vocal human rights advocate of all EU institutions. The single instrument is expected to contribute to the already existing trend where pragmatism trumps a more normative approach to democracy support and human rights. The rapporteurs for the NDICI regulation from AFET and DEVE committees that share the responsibility for this legislation, have been selected and started working on the report focusing on the proposal but not on its alternatives. At the same time, several influential MEPs from various political groups already expressed their reservation towards NDICI. When the reports are drafted and voted, the legislation will be finalized within a trilogue with European Commission and the Council. The timeline is ambitious, as the negotiations should be wrapped up before the European Parliament elections in May 2019. If the European Parliament and the Council decide to take out several parts of NDICI, a new legislation – regulation for each instrument will have to be drafted and negotiated. Thus, the time factor is inevitably a pressing issue within the difficult negotiations that are upcoming. With the rather unpredictable results of the upcoming elections to the European Parliament, it is not advisable to leave the final stage of the negotiations up to the new composition of the EU legislative body.

Conclusion

It is hard to predict how the battle over NDICI will unfold and who will prevail. The adoption of NDICI would facilitate the de-politicized approach that allows the EU and the project implementers to work with more problematic countries, such as Belarus and Azerbaijan. In these countries, despite the covert liberal logic, the EU continues to strengthen government institutions in the belief that they may eventually democratize, and sometimes even justify the lack of support for civil society due to constraints placed upon its activities by the third countries' governments. In this regard, the EU continues to prioritize security and

České vize pro Evropu, evropské vize pro Česko
Czech Visions for Europe, European Visions for the Czechs

stability over democratic principles. But even if one of the major goals of the European Neighbourhood Policy is stability, at least in the Eastern neighbourhood, the EaP governments need to have sufficient political capital for reforms and to be able to show citizens there is a special

status for at least some of them. EaP countries should not be thrown into one funding bag with the rest of the world. This could damage the position of the EU, of the pro-reform governments and consequently might lead to destabilization, which the EU dreads the most.

Věra Řiháčková Pachta

Vera Rihackova is an Associated research fellow with EUROPEUM Institute for European Policy. Her major areas of expertise include EU foreign policy with focus on Eastern Partnership countries, EU democracy assistance and the EU instruments of external action, the development cooperation, security and counterterrorism policies. In May 2014 - December 2015 she served as a member of the Group of External Advisors on the EU policies, to the Ministry of Foreign Affairs of the Czech Republic. She holds the 2014 PASOS Think Tank Publication Award for her paper "Taking Stock of the EU Civil Society Funding in EaP Countries". She works as Advocacy and Membership Manager at the Secretariat of the Steering Committee of the Eastern Partnership Civil Society Forum in Brussels.



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